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Press Release

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Refinancing Reduces State of Alaska Lease Payments by \$6.2 Million

Juneau - The Matanuska-Susitna Borough (Mat-Su) has issued \$57,985,000 of State of Alaska Lease Revenue Refunding Bonds. On July 7, 2016, the Mat-Su, in conjunction with the State of Alaska, accessed the capital markets through The Royal Bank of Canada's Capital Market's team for the refinancing of Mat-Su's 2008 State of Alaska Lease Revenue Bonds. The bonds were originally sold to finance the Goose Creek Correctional Facility Project. The 2020 through 2025 maturities were refinanced from an average coupon rate of 5.737107% to a true interest cost rate of 1.644117%.

The State will benefit through lowered lease payments on the facility. By lowering the interest rate by over 4.09% the State will save \$6,672,317 over the next 10 years with a present value of \$6,172,590, a total savings of over 10%. Savings each fiscal year range from approximately \$531,000 to \$738,000 through fiscal year 2026.

This transaction is the second sale of State of Alaska lease revenue refunding bonds, picking up the remaining maturities not captured with the previous refinancing on April 2, 2015. The present value savings combined from all Goose Creek refinancing activity is \$14,889,718.

These State of Alaska Lease Revenue Refunding Bonds were rated "AA" by Standard & Poor's Ratings Services and "AA" by Fitch Ratings.

Deputy Revenue Commissioner Jerry Burnett said, "We would like to thank the Mat-Su Borough for working with the State of Alaska to take advantage of historically low interest rates to reduce the state budget."

Questions can be directed to Deputy Commissioner Jerry Burnett at (907) 465-2300.
